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S E C R E T SECTION 01 OF 04 TEGUCIGALPA 000826

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SUBJECT: HONDURAN PRESIDENT MADURO DISCUSSES UPCOMING
MEETING WITH PRESIDENT BUSH, IRAQ, CUBA AND THE PENDING IMF
AGREEMENT

REF: A. STATE 75175

[1](#)B. TEGUCIGALPA 674

[1](#)C. 02 TEGUCIGALPA 3318

Classified By: Ambassador Larry L. Palmer for Reasons 1.5 (B) and (D)

[1](#)1. (S) SUMMARY: Honduran President Ricardo Maduro suggested that Central American Presidents remain interested in raising non-CAFTA topics during their upcoming meeting with President Bush. He also reaffirmed his commitment to provide Honduran troops for post-conflict operations in Iraq, even while he acknowledged weak public statements of support by the Honduran UN Permanent Representative at last week's UNSC session. Maduro concurred that the GOH would review any actions in Cuba in light of Fidel Castro's recent crackdown on human rights activists. Finally, he flagged continuing political problems in addressing the escalating public wage bill, in particular the challenge of breaking a crippling doctors' strike. He indicated that an IMF agreement remains a top priority but said differences remained between the Government of Honduras and the IMF. END SUMMARY

[1](#)2. (U) Ambassador met one-on-one with President Maduro at the Casa Presidencial March 28. Ambassador subsequently met with Foreign Minister Perez-Cadalso on April 1 to discuss Iraq and other key issues (septel).

April 10 Central American Presidents Visit

[1](#)3. (C) President Maduro opened the discussion by raising the upcoming meeting between the five Central American presidents and President Bush scheduled for April 10 in Washington. Maduro reiterated that each president had been assigned specific topics to raise with the President and would take a regional rather than bilateral approach. He emphasized that the Central American presidents wanted to present their vision for the future of the region to the President. Specifically, the Presidents had laid out that vision in the Roatan Declaration. The list follows: Agriculture and the asymmetry which should govern our future commercial relations (Costa Rica); Central American security, the fight against narcotrafficking, terrorism and organized crime (El Salvador); Disarmament and reduction of arms in the region (Nicaragua); Consolidation of democracy and regional integration (Guatemala); and Promotion of investment in Central America and the development of infrastructure (Honduras).

[1](#)4. (C) While deeply appreciative of the opportunity to meet with President Bush given the ongoing war, Maduro suggested that, in his view, the Central American Free Trade Agreement (CAFTA) is only part of the process needed to turn the region as a whole "into a success story" and that the presidents wanted to make the most out of this meeting with the President to advance the U.S.-Central American agenda. He stated that the Central Americans wanted to point out the key areas that had to be addressed in the region in order to promote needed political and economic integration for long-term economic growth and poverty reduction. Ambassador reminded Maduro that in this instance, given the short amount of time available before the meeting, that remarks should be concise, focused, and limited to CAFTA.

Maduro Supportive on Iraq

[1](#)5. (S) Ambassador acknowledged President Maduro's supportive stance on Iraq and for Honduras joining the coalition. He noted the Government of Honduras' (GOH) support underscored the strong relationship between the two countries and that Washington was appreciative. Ambassador also told Maduro that Washington was interested in pursuing his offer of troops to assist in post-conflict Iraq and encouraged Maduro to make a formal offer in writing to the USG so our military-to-military planning could move forward. However,

Ambassador called attention to USG disappointment with the lukewarm statement delivered by Ambassador Manuel Acosta Bonilla, the Honduran Permanent Representative to the United Nations, during the March 26 Security Council open session on Iraq. Ambassador urged Maduro and the GOH to play a more active public role in support of the coalition's goals. Maduro reaffirmed Honduras' support for the coalition and was apologetic regarding the statement by Acosta Bonilla. He acknowledged that the remarks were insufficient and that they did not reflect the solid support Honduras has for the coalition's goals. He went so far as to suggest that he would tell the Foreign Minister to remove Bonilla if his performance at the UN did not improve. (COMMENT: Only the President has the legal authority to remove a standing ambassador and Maduro is probably aware of this. In addition, given Bonilla's status as one of the Nationalist Party's senior statesmen, only Maduro himself would be able to dismiss him. More than likely Maduro's statement was intended to deflect criticism of his administration's relatively meek public support of the coalition's efforts to date. END COMMENT.)

ICC Article 98 Agreement and Counterterrorism Conventions

16. (SBU) Ambassador reiterated the necessity of Honduran ratification of the International Criminal Court (ICC) Article 98 Agreement and expressed hope the agreement could be sent to Congress for action as soon as possible. Ambassador also provided President Maduro with a list of five outstanding UN and two OAS counterterrorism conventions/protocols that the USG would like Honduras to sign and/or ratify as soon as possible (ref C). Maduro did not seem fully informed on this subject, confusing the Article 98 Agreement with the outstanding counterterrorism conventions. Maduro said he would pass the list to the MFA (which Post confirmed he did) but he did not offer any time-frame for movement on either the ICC agreement or the outstanding counterterrorism conventions/protocols. (COMMENT: The GOH is unlikely to forward the Article 98 Agreement, or seek congressional action on it, until after it secures congressional authorization for the deployment of Honduran troops to Iraq. END COMMENT.)

AMB Urges Continued Delay on Honduran Ambassador to Cuba

17. (S) Ambassador called Maduro's attention to the fact that Fidel Castro was taking advantage of the conflict in the Middle East to crack down on human rights/pro-democracy activists in Cuba (ref A). He directly asked Maduro to further delay the appointment of a Honduran ambassador to Cuba. If an appointment is forthcoming in the future, Ambassador reminded Maduro that the GOH had agreed to consult Post prior to any type of announcement. Maduro acknowledged that he is not very comfortable with Cuba or the Cuban doctors in Honduras, referring to concerns that the Cuban doctors practice "more than medicine." However, Maduro once again repeated that his administration was not responsible for the opening to Cuba and that he had inherited the situation from his predecessor. He promised to keep USG concerns in mind in any dealings with Cuba.

Disappointing Results on Honduran Counternarcotics Efforts

18. (S) The Ambassador underscored USG disappointment over the lack of effective Honduran interdiction efforts against the large amount of illegal narcotics that transit Honduras annually. He pointed out that drug seizures in Honduras are at a three-year low. Ambassador spelled out how corruption within the Honduran military and police is undermining law enforcement efforts. He explained that whenever the USG passes counternarcotics information to GOH sources it is invariably leaked to the traffickers. Maduro expressed dismay and asked if the USG knew who was responsible. Ambassador told Maduro the USG was investigating but to date had no firm suspects. However, when the culprits are discovered, Ambassador insisted that they be "summarily dismissed." Maduro promised full support on the issue but also cited a lack of resources as a major impediment to GOH efforts to improve counternarcotics results.

Maduro Very Concerned Over Continued Doctors' Strike

19. (C) Maduro then raised his deep concern over the continued doctors' strike which began in Tegucigalpa March 18 and spread nationwide March 24, raising his fears that it could cause general instability and that the doctors may try to take over hospitals as had been done in the past. He said he was considering dispatching police units to the hospitals

to prevent this from occurring and that he might be forced to declare a "state of emergency," if the situation deteriorated further. (NOTE: Maduro was scheduled to meet with his cabinet later that same day regarding the strike. Since this meeting, the doctors have suspended their strike and have met with the GOH to discuss their differences. The GOH has agreed not to fire any of the doctors that were on strike for the time being. END NOTE.)

¶10. (C) Negotiations are ongoing. While the proximate cause of the strike was a dispute with the Minister of Health Elias Lizardi over appointments of doctors in public hospitals, the deeper issue is the impending revision of a law which guarantees that the basic doctor's salary is 14 times the minimum wage which leads to relatively exorbitant salaries compared with other public sector employees. Doctors earn anywhere from USD 14,000 - 50,000 a year from just one public salary, and many hold two government jobs or have a private practice which greatly increases their income. The government must reduce its public wage bill in order to reach an agreement with the IMF. (See para 12 for additional detail on IMF negotiations.)

Increased Foreign Direct Investment and an IMF Package

¶11. (C) Maduro highlighted that increasing foreign direct investment (FDI) remains a high priority for his administration. Maduro referred to a conversation he had with Ian Walker (a British economic consultant on the Casa Presidencial payroll) who claimed that Honduras would need to attract between USD 2.5 to 3 billion annually in order to increase GDP by two percent. Maduro said he was considering tax credits, tax forgiveness, duty free status, and other measures to accomplish this goal. Maduro expressed optimism that with increased FDI, GDP could rise to the level of between five and six percent annually. Ambassador complimented Maduro on his desire to attract increased FDI, but noted that the main obstacle to accomplishing this goal is deeper reform of the dysfunctional judicial system. Ambassador added that "the lack of judicial security," is the most serious concern for any prospective investor.

¶12. (S) During the conversation on FDI Maduro segued into his desire to complete an IMF agreement as soon as possible (ref B). Maduro stressed that his administration had been making real progress on constraining the budget deficit and that the IMF should take that into account. He also stated he thought the IMF was being too dogmatic on the civil service salary issue. The possible revision of laws guaranteeing doctors and teachers salaries in multiples of the minimum wage, meaning that every raise in the minimum wage leads to large raises for doctors and teachers, is a hot button political issue. (COMMENT: Interestingly, Maduro refrained from asking for any type of USG assistance to move the IMF process forward. It appears that he understands the parameters of what the USG is willing to do with the IMF. END COMMENT)

Palmer